WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

OFFICIAL ISSUING REPORT
MARK FRASHER, BUSINESS MANAGER
BUSINESS OFFICE

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

JUNE 30, 2015

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FARLEY, IOWA

JUNE 30, 2015

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OFFICIALS

Name	Title	Term Expires
	Board of Education	
Gary McAndrew	President (resigned September 2014)	2015
Mark Knuth	President (effective September 2014)	2017
Chad Vaske	Vice President	2015
Jeanne Coppola	Board Member	2015
Mark Tilson	Board Member	2017
John Lembezeder	Board Member	2015
	School Officials	
Jeff Corkery	Superintendent	2015
Mark Frasher	District Treasurer/Business Manager	2015
Jeni Schindler	Board Secretary	2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Western Dubuque County Community School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Western Dubuque County Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Western Dubuque County Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Western Dubuque County Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Dubuque County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unqualified/unmodified opinions on those financial statements with the exception of the six years ended June 30, 2011. For the six years ended June 30, 2011, we expressed an unqualified/unmodified opinion on the financial statements of the various opinion units of the primary government and we expressed an adverse opinion on the aggregate discretely presented component units due to the omission of the financial data for the District's legally separate component units. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks + Co., P.C.

Dubuque, Iowa
January 13, 2016

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Western Dubuque County Community School District provides this Management's Discussion and Analysis as a part of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

This Management Discussion and Analysis contains the following main areas beginning on the pages shown.

FINANCIAL NOTES

- The 2014-15 fiscal year was the 3rd year of the District's renewed five-year Instructional Support Program (ISP). The existing five-year program commencing July 1, 2012 and ending on June 30, 2017 was authorized and approved by the School Board on October 10, 2011.

Receipts:	
Property Tax	$ 277,200
Income Surtax	1,191,885
State Aid	---
	$ 1,469,085
Expenses:	
Teacher Wages	$ 1,239,529
Computer Software - Public	39,132
Instructional Materials – Private Schools	122,935
Technology – Private Schools	16,060
Athletic Trainer	51,429
	$ 1,469,085

- The General Fund June 30, 2015 unreserved fund balance increased from $4,662,289 to $6,215,019 resulting in an increased Financial Solvency Ratio of 18.46%.

2008-2009	5.36 %
2009-2010	4.92 %
2010-2011	7.78 %
2011-2012	9.09 %
2012-2013	11.00 %
2013-2014	14.59 %
2014-2015	18.46 %

The primary reason for the increase in the fund balance was due to the District's on-going effort to increase the fund balance via an increased cash reserve levy.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Western Dubuque Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide information about activities for which the District acts solely as a custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1
Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1. ***Governmental funds***: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional schedules explain the relationship or differences between the two statements.

   The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. ***Proprietary funds*:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

   The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. ***Fiduciary funds*:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

   - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

   The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

   The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - Figures A-2 and A-3 below provide a summary of the District's revenues, expenses, and net position for the year ended June 30, 2015 compared to 2014 for the governmental and business-type activities.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by $14,451,981 and $493,190, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total School District		
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	Total Change
Current and other assets	38,129,868	40,331,022	363,270	538,018	38,493,138	40,869,040	6.17%
Capital assets	58,308,224	59,328,594	167,620	164,685	58,475,844	59,493,279	1.74%
Total assets	96,438,092	99,659,616	530,890	702,703	96,968,982	100,362,319	3.50%
Deferred outflows of resources	129,835	2,448,915	-	80,118	129,835	2,529,033	1847.88%
Long-term liabilities	39,786,750	50,374,386	265,000	655,956	40,051,750	51,030,342	27.41%
Other liabilities	4,835,871	3,962,771	7,091	7,174	4,842,962	3,969,945	-18.03%
Total liabilities	44,622,621	54,337,157	272,091	663,130	44,894,712	55,000,287	22.51%
Deferred inflows of resources	15,388,032	20,540,729	-	159,858	15,388,032	20,700,587	34.52%
Net position:							
Net investment in capital assets	25,479,386	24,248,594	167,620	164,685	25,647,006	24,413,279	-4.81%
Restricted	10,013,354	13,766,200	-	-	10,013,354	13,766,200	37.48%
Unrestricted (deficit)	1,064,534	(10,784,149)	91,179	(204,852)	1,155,713	(10,989,001)	1050.84%
Total net position	36,557,274	27,230,645	258,799	(40,167)	36,816,073	27,190,478	-26.15%

Net position either is restricted as to the purposes they can be used for or are invested in capital assets (buildings, parking lots and so on.)

Figure A-3
Changes in Net Position from Operating Results

	Governmental Activities			Business Type Activities			Total School District		
	2013-14 (Not restated)	2014-15	Change	2013-14 (Not restated)	2014-15	Change	2013-14 (Not restated)	2014-15	Total Change
Revenues:									
Program Revenues:									
Charges for service and sales	3,112,165	3,444,421	332,256	1,195,177	1,212,206	17,029	4,307,342	4,656,627	349,285
Operating grants and contributions	6,013,816	7,082,847	1,069,031	792,973	822,089	29,116	6,806,789	7,904,936	1,098,147
Capital grants and contributions	16,375	179,618	163,243	-	-	-	16,375	179,618	163,243
General Revenues:									
Property tax	14,345,368	15,136,145	790,777	-	-	-	14,345,368	15,136,145	790,777
Instructional support surtax	1,762,426	1,656,028	(106,398)	-	-	-	1,762,426	1,656,028	(106,398)
Statewide sales and services tax	2,544,288	2,801,822	257,534	-	-	-	2,544,288	2,801,822	257,534
Unrestricted state grants	12,291,892	12,139,908	(151,984)	-	-	-	12,291,892	12,139,908	(151,984)
Unrestricted investment earnings	72,923	90,946	18,023	121	147	26	73,044	91,093	18,049
Other	339,271	670,347	331,076	-	-	-	339,271	670,347	331,076
Total Revenues	40,498,524	43,202,082	2,703,558	1,988,271	2,034,442	46,171	42,486,795	45,236,524	2,749,729
Expenditures:									
Instruction	23,614,041	23,223,580	(390,461)	-	-	-	23,614,041	23,223,580	(390,461)
Support services	9,973,209	10,913,060	939,851	-	-	-	9,973,209	10,913,060	939,851
Non-instructional programs	41,201	32,610	(8,591)	1,906,184	1,840,218	(65,966)	1,947,385	1,872,828	(74,557)
Other expenses	4,156,564	3,907,480	(249,084)	-	-	-	4,156,564	3,907,480	(249,084)
Total Expenditures	37,785,015	38,076,730	291,715	1,906,184	1,840,218	(65,966)	39,691,199	39,916,948	225,749
Change in Net Position	2,713,509	5,125,352	2,411,843	82,087	194,224	112,137	2,795,596	5,319,576	2,523,980
Net Position Beginning of Year, as Restated	33,843,765	22,105,293	(11,738,472)	176,712	(234,391)	(411,103)	34,020,477	21,870,902	(12,149,575)
Net Position End of Year	36,557,274	27,230,645	(9,326,629)	258,799	(40,167)	(298,966)	36,816,073	27,190,478	(9,625,595)

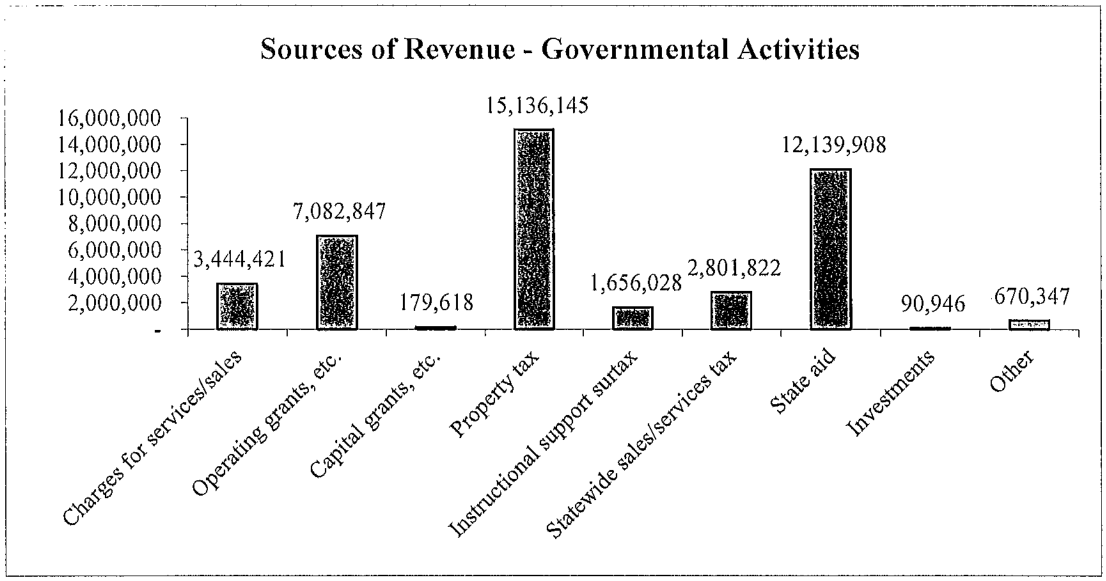
(COMMENTS ON NEXT PAGE)

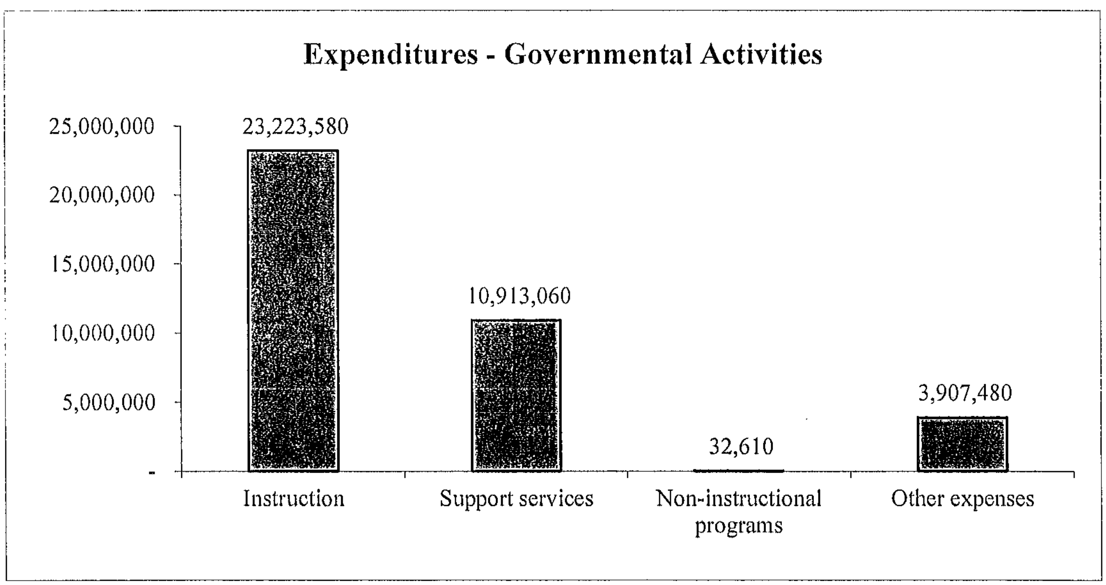
Governmental Activities

Revenues for governmental activities were $43,202,082 while total expenses amounted to $38,076,730.

The District collects revenues from a number of sources other than state aid and property tax to fund its operations. Other significant sources include local grants, student fees, tuition, Activity Fund receipts, State grants, and Federal grants.

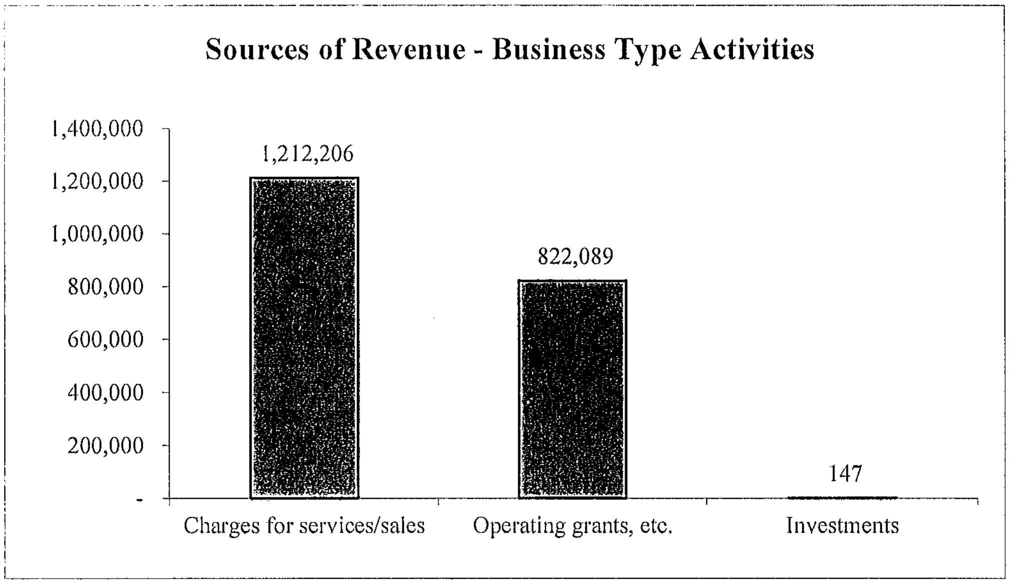
Bar Graph for Figure A-3 – Changes in Net Position from Operating Results

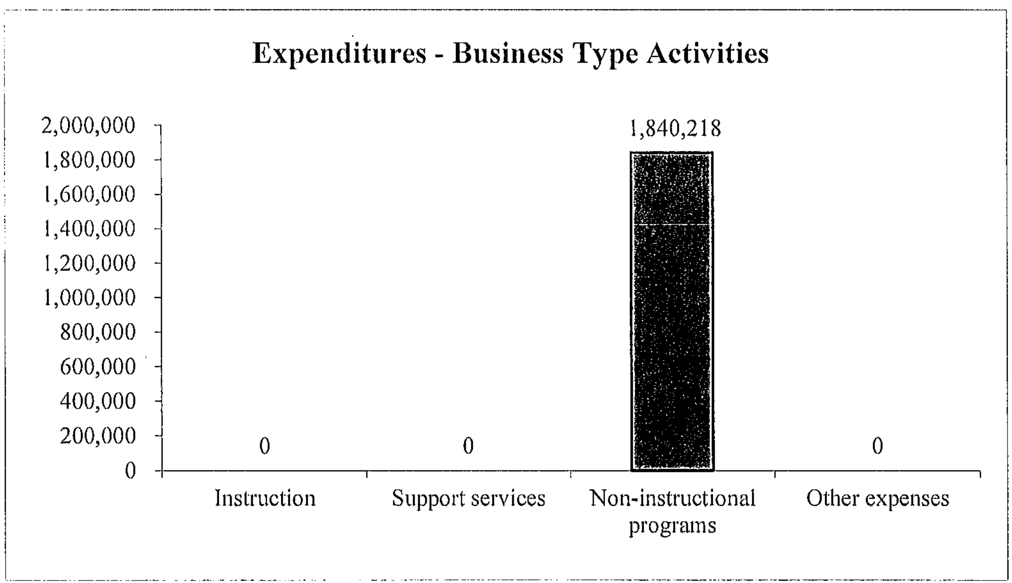




Business-Type Activities

Revenues of the District's business-type activities (School Nutrition Fund) were $2,034,442 and expenses were $1,840,218. Revenues of these activities were comprised of a la carte sales, charges for meals, tuition, interest, and federal and state reimbursements.





FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Western Dubuque Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

- Following are ending fund balances including restricted and unrestricted reserves of the various governmental funds and a discussion concerning the change in balances.

Fund Name	2014 Balance	2015 Balance	Change
General	$ 5,038,059	$ 6,960,744	$ 1,922,685
Activity	746,225	812,386	66,161
Management	1,609,323	1,453,280	(156,043)
Capital Projects	6,856,519	5,747,240	(1,109,279)
Debt Service	3,426,679	5,007,569	1,580,890
	$ 17,676,805	$ 19,981,219	$ 2,304,414

- **General Fund:** The $1,922,685 increase in fund balance over FY14 is due largely to the cash reserve levy in the amount of $1,500,000. The District instituted the cash reserve levy after the 2006-2007 school year, when the fund balance was $563,080. The District has improved its fund balance almost every year since implementing the levy, resulting in the current fund balance of $6,960,744. Iowa Code places a restriction on the amount a district can levy for cash reserve purposes, which is 20% of annual expenditures less the ending fund balance. After significant growth in the fund balance, the District has reached that maximum threshold and will be forced to reduce the Cash Reserve Levy for the 2016-2017 school year.

  The District has well exceeded the goal of the School Board to have an undesignated fund balance equal to 10% of its annual General Fund Expenditures. The improved cash position has also allowed the District to avoid the need to utilize short-term borrowing at its normal cash-lean times of the year to meet its payroll obligations. Due to the seasonal nature of property tax and State Aid deposits, borrowing in the short term to meet its obligations had been the norm in years past.

  Not accounting for the Cash Reserve revenue, the District ended up with revenues largely outpacing expenses in 2014-15. Maintaining the structural surplus or, at a minimum, keeping revenues and expenses relatively equal is the main focus of the administration. This will become more challenging with the State giving minimal allowable growth increases in FY16 and FY17, and possibly beyond.

  The overall improvement in the District's financial picture has resulted in Standard & Poor's rating service recently reaffirming the District's A+/Stable rating.

  - Budget Authority: Year-end financials reported to the Department of Education reflect revenues and expenses using U.S. generally accepted accounting principles (GAAP). They do not reflect on nor report on the District's Maximum Budget Authority and Unspent Budget Authority as defined by Iowa School Finance Law. Following are definitions of significant terms relating to budget authority.

Maximum Spending Authority – also known as Maximum Authorized Budget (MAB) – the maximum amount authorized under the school funding formula that a district has available for a given budget year. It is a calculation and is the sum of maximum district cost, preschool foundation aid, instructional support authority, education improvement authority, miscellaneous income and prior year unspent spending authority.

Maximum District Cost – also a calculation that is the sum of regular program cost (enrollment multiplied by legislatively authorized cost per student), special education instructional costs, AEA costs and district supplementary weighting - all funded with a mix of state aid and property taxes. It does not include a district's cash reserve levy.

Miscellaneous Income – revenue which is not part of the combined district cost – for example, state grants, federal funds, student fees and tuition, and interest income. It does not include the cash reserve levy.

Unspent Spending Authority – also known as Unspent Authorized Budget (UAB) – the amount of the maximum spending authority left at the end of the year after deducting the general fund expenditures incurred during the year.

The following table shows the District's actual UAB for the past three years and a projection for 2015-16 based on budgeted revenues and expenses.

UNSPENT BUDGET AUTHORITY				
Year	2012-13	2013-14	2014-15	2015-16
Amount	$4,980,559	$5,188,344	$6,047,367	*$6,534,974*
Change		$207,785	$859,023	$487,607

The District's Unspent Authority/Budget Authority ratio for 2014-15 was 15%. The latest available data for the state average authority ratio for Iowa schools is an estimated 17.6% (2013-2014).

Unspent Balance	$6,047,367
Divided by Budget Authority	$39,230,618
Equals Balance/Authority Ratio	15.4%

The District will need to closely monitor and adjust future expenditures to sustain an acceptable Unspent Budget Authority. Stabilizing the Unspent Budget Authority at or above $5,000,000 is a suitable goal for the District.

- **Activity Fund**: Nearly 200 separate fund accounts for the various activity organizations are accounted for in the Activity Fund. Each account group has its own revenue and expense chart of accounts. The fund balance for this fund is adequate.

- **Management Fund**: This fund is used to pay for early retirement benefits and property/liability insurance. The residual fund balance is needed to pay insurance obligations coming due in early 2015-16 prior to taxes coming in. The District will be taking a closer look at the early retirement benefits to determine if the amounts need to be adjusted for future years. Amounts paid especially to hourly employees upon retirement appear to outweigh the financial benefit realized when hiring new employees to fill the vacated positions.

- **Capital Projects Fund**: The Capital Projects Fund consists of three accounts, The Construction account, the Statewide Sales, Services and Use Tax account and the Physical Plant and Equipment Levy (PPEL) account.

Accounts	2013-14 Fund Balance	2014-15 Fund Balance
Construction	$1,133,986	$0
Statewide Sales, Services and Use Tax	$ 4,507,796	$4,408,249
PPEL	$ 1,214,731	$1,338,991

1. Construction Account: The sale of $16.5 million in general obligation bonds was approved by voters in April 2012. The proceeds were used to construct a new auditorium and administration offices at WDHS and a new gymnasium and administration offices at CHS. Both projects were completed early on in 2014-15 and the funds have been exhausted. Future projects will need to be funded from the District's Statewide Sales, Services and Use Tax and Physical Plant and Equipment Levy accounts

2. Physical Plant and Equipment Levy Account – 2014-15 was the third year of the 10-year voter-approved $1.00 PPEL Levy. Previously, the PPEL Levy was set at the Board-Approved rate of $0.33.

   Primary Uses for the account are as follows:
   1. School buses
   2. Other school vehicles
   3. Buildings and Grounds projects
   4. Equipment purchases
   5. Large repair items
   6. Technology purchases

   Passage of the $1.00 levy has allowed the District to pay for the purchase of school buses and computer hardware from the fund versus using the General Fund Instructional Support Program. Bus purchases in 2014-15 alone totaled $400,945. In both the short term and long term, this increase results in a significant improvement to the District's General Fund year-end fund balance.

3. Statewide Sales, Services and Use Tax Account – The $4,408,249 balance in this account is available to the District for construction projects and other uses allowed by Iowa Code.

   2013-2014 was the first fiscal year in which all five counties were participating in the State-Wide pool of Sales Tax Funds. Previously the individual counties kept the taxes they generated and distributed the dollars evenly to the schools in their respective county.

The prior method of distributing the funds greatly benefited the District, as Dubuque County generates a high volume of sales tax, and thus, the District received a higher dollar amount per pupil relative to counties with no major center for commerce. The 1-cent sales tax is now pooled state-wide and distributed to all Districts on an equal per pupil basis, which drastically reduced the amount of money the District.

Of the roughly $2.5 million in annual sales tax revenue, $1.5 million is committed annually to retire the two QBond issuances, with another $400,000 transferred to the Debt Service Fund to keep the Debt Service Levy at a reduced rate as promised with the 2012 referendum.

The District is nearing completion of a $2.5 million vocational building at WDHS and will soon begin work on the construction of a $450K tennis courts addition. Both projects are being funded from the residual sales tax dollars on hand. The District is also in the planning stages for building additions/renovations at both Cascade Elementary and Peosta Elementary, which would require the issuance of additional sales tax revenue bonds.

- **Debt Service Fund**: $4,867,164 of the total $5,007,569 fund balance is comprised of the sinking fund balances for both the Dyersville and Drexler Middle School QBond issuances. The sinking fund balances will continue to grow by $1,505,722 annually until final payment is due on each of the bonds in 2020 and 2026, respectively. The residual fund balance of $140,405 will eventually be applied to retire outstanding GO Bonds.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from $(234,391) on June 30, 2014 to $(40,167) on June 30, 2015. Revenues in the fund exceeded expenditures by $194,224, which represents the 2nd year in a row with a surplus and a positive financial trend. The School Nutrition Fund continues to operate without any subsidies from the District's General Fund, but the District will need to continue to closely monitor menu pricing, staffing levels and the cost of food items to ensure that the program remains self-sufficient.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and a hearing for all funds, except its private-purpose trust funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis. Over the course of the year, the District amended its annual operating budget to reflect additional expenditures. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

The District amended the Instruction and Other Expenditures functional areas of the 2014-2015 budget to reflect expected increases in expenses.

Function	Original	Amended	Actual
Instruction	$ 23,905,554	$ 24,261,884	$ 23,824,064
Non-instructional	11,771,818	11,771,818	11,243,409
Other	2,040,573	2,040,573	1,880,834
Support Services	5,602,511	6,702,792	5,574,515

Amending the budget does not provide additional resources. Expenses above the initial certified budgeted amounts are funded by existing cash balances and do not result in an increased tax levy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The following table shows the District's capital assets, net of accumulated depreciation.

	Governmental Activities		Business Type Activities		Total School District		
	2014	2015	2014	2015	2014	2015	Total Change
Land	882,707	980,441	-	-	882,707	980,441	97,734
Construction in progress	15,216,517	910,669	-	-	15,216,517	910,669	(14,305,848)
Buildings	39,039,959	53,978,267	-	-	39,039,959	53,978,267	14,938,308
Improvements	452,049	410,550	-	-	452,049	410,550	(41,499)
Furnishings & Equipment	2,716,992	3,048,667	167,620	164,685	2,884,612	3,213,352	328,740
Total Capital Assets	58,308,224	59,328,594	167,620	164,685	58,475,844	59,493,279	1,017,435

The large decrease in Construction in Progress and increase in Buildings is tied to the two major construction projects at the high schools that were completed early on in the fiscal year and transitioned out of Construction in Progress.

Long-Term Debt

On June 30, 2015, the District had total long-term debt obligations of $35,030,000. The following summary schedule shows totals in the different classes of the long-term debt obligations.

	6/30/2015	6/30/2014
General Obligation Bonds	18,580,000	19,330,000
Qualified School Construction Bonds	16,500,000	16,500,000
	35,080,000	35,830,000

Name	Amount	Retirement Date
GO Bonds, Series 2012	$ 15,835,000	6/1/2032
GO Bonds, Series 2010	2,745,000	6/1/2021
QSC Bonds, Series 2009	8,500,000	6/1/2026
QSC Bonds, Series 2010A	8,000,000	6/1/2020
	$ 35,080,000	

FACTORS BEARING ON THE DISTRICT'S FUTURE

Following are several factors that could have a significant effect on the District's General Fund financial condition.

- District Enrollment: The District's certified resident count increased in fiscal 2014-15 by 40.6 students.

October 2014	2,991.3
October 2013	2,949.7
October 2012	2,977.2
October 2011	2,919.0
October 2010	2,879.4
October 2009	2,799.4
October 2008	2,789.7

  The increase is significant in that it has a direct impact on the District's general fund revenues. The District's enrollment multiplied by the state set cost-per-pupil is the primary revenue driver for the District's General Fund budget. The enrollment had been increasing steadily each year for several years, and was interrupted by a decrease of nearly 30 students in the fall of 2013. The return to a significant increase in enrollment in 2014 was welcomed financial news.

  The District had 189 open enrolled-in students and 63 open enrolled-out students in fiscal year 2014. Each open enrolled student generated $6,121 in tuition revenue or expense. A significant change in the enrollment of these two groups would have a significant impact on revenues and expenses. Open enrolled-in totals have increased every year for each of the past 5 years. Open enrolled-out totals have decreased every year for each of the past five years. Both of those trends are very positive for the District.

  The enrollment increased by nearly 60 students in the fall of 2015, most of which is from the Highway 20 corridor. The District has also recently learned of a large residential subdivision in Peosta that will likely require additional classrooms space and staffing in the not-so-distant future.

- State Aid: The State had given a 4% allowable growth for 2014-15, but it came on the heels of the equivalent of 2% in one-time money granted by the State in 2013-14 that did not continue in 2014-15.

  The State House and Senate then struggled to come to agreement on education funding for 2015-2016, and they eventually agreed on a meager 1.25% increase with some additional one-time funding for schools. The Governor then vetoed the one-time funding, and left districts simply with the 1.25% increase. Both the timing and the outcome of the process were of detriment to schools, as uncertainty of funding for the upcoming school year causes difficulty with budgeting and negotiations and the minimal increase places a strain on district finances. The Legislature, by law, is supposed to set the rate increase two years in advance to provide some stability and give schools ample time to adjust their budgets accordingly. Unfortunately, the Legislature has ignored the law for the last few years.

  The early signals for State Aid for 2016-17 are not positive either, and it would be optimistic to think that districts would get anything more than a 2% increase. The District can sustain a couple of lean years of State Aid increases because of the financial buffer that an increasing enrollment provides, but no district will be able to sustain a solid financial picture in the long run if the State does not return to sufficient levels of funding increases.

- Unspent Budget Authority: The District's ability to end the year with revenues greater than expenses led to the UAB increasing significantly in 2014-15. An increasing enrollment also had a positive effect on UAB, as the District applied for additional spending authority from the SBRC in the amount of $267,756 in 2014-15 and again in 2015-16 in the amount of $386,159. Maintaining a reasonable balance allows the District to absorb unexpected budget issues (revenues and expenses) without making immediate changes in programming costs. A healthy balance is necessary to ensure continuation and consistency of existing programs and future planning.

- Wages and benefits: By far the most significant expenditure category of the District's operation costs are the wages and benefits of its employees. Wage and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact on the District's General Fund Budget. This was the case for the 2014-15 fiscal year and will again likely be the case for 2016-17. Unfortunately, unless the District is in a dire financial position, settlements with bargaining units will typically end up at or near the state trend line.

- Instructional Support Program: On October 10, 2011 the Western Dubuque Schools Board of Education approved a new five-year Instructional Support Program. The program begins July 1, 2012 and ends June 30, 2017. $1.469 million in property taxes and income surtax was received in fiscal year 2015 from the program, nearly $200,000 less than FY14. The decrease was largely due to the significant decrease in the Income Surtax received, which was a result of lower income tax paid in 2011 by district residents. The program provides an ongoing revenue source to fund teacher wages and textbook/technology services to the private schools. Continuation of this program is critical.

- Transportation: Transportation expenses continue to be a significant cost of education. Western Dubuque Schools is the largest geographic school district in Iowa. The Iowa school funding formula does not provide for any additional funds for public school transportation costs, which disproportionately affects the District's budget more than other districts with more manageable transportation requirements. The District's reimbursement for transporting non-public students was $96,720 less than expected due to the ongoing shortfall of state funding for the program. There has been much discussion recently regarding the financial inequity that transportation provides, and a potential resolution to that issue is of great importance to Western Dubuque.

- Operation of two high schools: The costs of operating two high school programs in a District the size of Western Dubuque is significant. Duplication of high school programming/activities leads to many inefficiencies. Based strictly on enrollment, the number of high school students in the District does not warrant operation of more than one high school. However, the District is not likely to make any major changes in this regard for many reasons.

  Also hindering the District is the actual demographic makeup of its enrollment. With several successful parochial elementary systems located within the District, elementary enrollment is held artificially lower than that of the high school enrollment. The Iowa funding formula does not provide additional funding for high school students versus elementary students, so the District receives the same funding for relatively inexpensive elementary students compared to high school students, who require more expensive programming and activities. Ideally a district would have a higher ratio of elementary students to high school students than it currently has.

Budgeting and monitoring the cost and number of staff will be critical to the District's ability to sustain an acceptable fund balance and unspent budget authority.

- Financial Solvency Ratio: A measure of a school district's financial health in its General Fund is the Financial Solvency Ratio. The ratio is used by lending institutions to determine a district's ability meet its financial obligations, a function of their fund balance. Currently the Iowa Schools Cash Anticipation Program sponsored by the Iowa Association of School Boards uses the ratio when evaluating credit ratings of school districts. The ratio is determined as follows:

$$\frac{\text{Unreserved Fund Balance}}{(\text{Total Receipts} - \text{AEA Support})}$$

Following is the Financial Solvency Ratio for the Western Dubuque District for the past five years.

2010-2011	7.78%
2011-2012	9.09%
2012-2013	11.00%
2013-2014	14.59%
2014-2015	18.46%

Grading:	
> 5%	Good
0% to 5%	Acceptable
-3% to 0%	Concern
< -3%	Serious Concern

The major reason for the increase in the ratio was due to the District's levy for cash reserves beginning with the 2010-11 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Frasher, Business Manager, Western Dubuque County Community School District, 310 4th Street SW, Farley, Iowa 52046.

BASIC FINANCIAL STATEMENTS

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	$ 16,509,069	$ 475,687	$ 16,984,756
Receivables:			
Property tax:			
Delinquent	149,413	---	149,413
Succeeding year	15,856,402	---	15,856,402
Income surtax	1,261,372	---	1,261,372
Accounts	64,785	1,362	66,147
Due from other governments	1,476,273	---	1,476,273
Prepaid expenses	146,544	128	146,672
Inventories	---	60,841	60,841
Capital assets, net of accumulated depreciation	59,328,594	164,685	59,493,279
Restricted assets:			
Cash held in escrow	4,867,164	---	4,867,164
Total Assets	$ 99,659,616	$ 702,703	$100,362,319
Deferred Outflows of Resources			
Deferred amounts on refunding	$ 111,063	$ ---	$ 111,063
Pension related amounts	2,337,852	80,118	2,417,970
Total Deferred Outflows of Resources	$ 2,448,915	$ 80,118	$ 2,529,033
Liabilities			
Accounts payable	$ 731,994	$ 2,506	$ 734,500
Salaries and benefits payable	3,186,537	4,668	3,191,205
Accrued interest payable	44,115	---	44,115
Due to other funds	125	---	125
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	770,000	---	770,000
Portion due after one year:			
General obligation bonds	17,810,000	---	17,810,000
Qualified School Construction Bonds	11,632,836	---	11,632,836
Payable from restricted assets:			
Qualified School Construction Bonds	4,867,164	---	4,867,164
Net pension liability	11,104,573	378,956	11,483,529
Net other postemployment benefits	4,277,000	277,000	4,554,000
Unamortized bond discount	(87,187)	---	(87,187)
Total Liabilities	$ 54,337,157	$ 663,130	$ 55,000,287
Deferred Inflows of Resources			
Unavailable property tax revenue	$ 15,856,402	$ ---	$ 15,856,402
Pension related amounts	4,684,327	159,858	4,844,185
Total Deferred Inflows of Resources	$ 20,540,729	$ 159,858	$ 20,700,587

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	$ 24,248,594	$ 164,685	$ 24,413,279
Restricted for:			
Categorical funding	745,725	---	745,725
Management levy purposes	1,453,280	---	1,453,280
Physical plant and equipment	1,338,991	---	1,338,991
Student activities	812,386	---	812,386
School infrastructure	4,408,249	---	4,408,249
Debt service	5,007,569	---	5,007,569
Unrestricted	(10,784,149)	(204,852)	(10,989,001)
Total Net Position	$ 27,230,645	$ (40,167)	$ 27,190,478

See notes to financial statements.

EXHIBIT "B"

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	$ 12,541,829	$ 1,398,543	$ 4,081,048	$ ---	$ (7,062,238)	$ ---	$ (7,062,238)
Special	4,404,825	378,986	1,067,843	---	(2,957,996)	---	(2,957,996)
Other	6,276,926	1,455,017	27,633	---	(4,794,276)	---	(4,794,276)
Total Instruction	$ 23,223,580	$ 3,232,546	$ 5,176,524	$ ---	$(14,814,510)	$ ---	$(14,814,510)
Support Services:							
Student	$ 787,590	$ ---	$ 15,220	$ ---	$ (772,370)	$ ---	$ (772,370)
Instructional staff	1,612,943	---	---	---	(1,612,943)	---	(1,612,943)
Administration	3,524,044	---	---	---	(3,524,044)	---	(3,524,044)
Operation and maintenance of plant	2,632,314	49,890	---	---	(2,582,424)	---	(2,582,424)
Transportation	2,356,169	161,985	450,346	---	(1,743,838)	---	(1,743,838)
Total Support Services	$ 10,913,060	$ 211,875	$ 465,566	$ ---	$(10,235,619)	$ ---	$(10,235,619)
Non-instructional Programs	$ 32,610	$ ---	$ ---	$ ---	$ (32,610)	$ ---	$ (32,610)

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs (Continued)							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	$ 399,161	$ ---	$ ---	$ 179,618	$ (219,543)	$ ---	$ (219,543)
Long-term debt interest	603,805	---	---	---	(603,805)	---	(603,805)
AEA flowthrough	1,440,757	---	1,440,757	---	---	---	---
Depreciation (unallocated)*	1,463,757	---	---	---	(1,463,757)	---	(1,463,757)
Total Other Expenditures	$ 3,907,480	$ ---	$ 1,440,757	$ 179,618	$ (2,287,105)	$ ---	$ (2,287,105)
Total Governmental Activities	$ 38,076,730	$ 3,444,421	$ 7,082,847	$ 179,618	$(27,369,844)	$ ---	$(27,369,844)
Business Type Activities:							
Non-instructional programs:							
Food service operations	$ 1,840,218	$ 1,212,206	$ 822,089	$ ---	$ ---	$ 194,077	$ 194,077
Total	$ 39,916,948	$ 4,656,627	$ 7,904,936	$ 179,618	$(27,369,844)	$ 194,077	$(27,175,767)

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

EXHIBIT "B" (Continued)

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
General Revenues:							
Property tax levied for:							
General purposes					$ 12,964,519	$ ---	$ 12,964,519
Debt service					926,535	---	926,535
Capital outlay					1,245,091	---	1,245,091
Instructional support surtax					1,656,028	---	1,656,028
Statewide sales, services, and use tax					2,801,822	---	2,801,822
Unrestricted state grants					12,139,908	---	12,139,908
Unrestricted investment earnings					90,946	147	91,093
Other					670,347	---	670,347
Total General Revenues					$ 32,495,196	$ 147	$ 32,495,343
Change in Net Position					$ 5,125,352	$ 194,224	$ 5,319,576
Net Position Beginning of Year, as Restated					22,105,293	(234,391)	21,870,902
Net Position End of Year					$ 27,230,645	$ (40,167)	$ 27,190,478

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	$ 9,210,963	$ 5,505,514	$ 131,827	$ 1,660,765	$ 16,509,069
Receivables:					
Property tax:					
Delinquent	119,301	11,527	8,578	10,007	149,413
Succeeding year	12,497,845	1,286,797	926,764	1,144,996	15,856,402
Income surtax	1,261,372	---	---	---	1,261,372
Accounts	7,218	50,033	---	7,534	64,785
Due from other funds	1,701	---	---	---	1,701
Due from other governments	1,042,405	433,868	---	---	1,476,273
Prepaid expenses	129,240	76,530	---	627,401	833,171
Restricted assets - cash held in escrow	---	---	4,867,164	---	4,867,164
Total Assets	$ 24,270,045	$ 7,364,269	$ 5,934,333	$ 3,450,703	$ 41,019,350
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 363,422	$ 330,232	$ ---	$ 38,340	$ 731,994
Salaries and benefits payable	3,186,537	---	---	---	3,186,537
Due to other funds	125	---	---	1,701	1,826
Total Liabilities	$ 3,550,084	$ 330,232	$ ---	$ 40,041	$ 3,920,357
Deferred Inflows of Resources					
Unavailable revenues:					
Succeeding year property tax	$ 12,497,845	$ 1,286,797	$ 926,764	$ 1,144,996	$ 15,856,402
Income surtax	1,261,372	---	---	---	1,261,372
Total Deferred Inflows of Resources	$ 13,759,217	$ 1,286,797	$ 926,764	$ 1,144,996	$ 17,117,774
Fund Balances:					
Nonspendable:					
Prepaid expenditures	$ 129,240	$ 76,530	$ ---	$ 627,401	$ 833,171
Restricted for:					
Categorical funding	745,725	---	---	---	745,725
Debt service	---	---	5,007,569	---	5,007,569
Management levy purposes	---	---	---	825,879	825,879
Student activities	---	---	---	812,386	812,386
School infrastructure	---	4,331,719	---	---	4,331,719
Physical plant and equipment	---	1,338,991	---	---	1,338,991
Unassigned	6,085,779	---	---	---	6,085,779
Total Fund Balances	$ 6,960,744	$ 5,747,240	$ 5,007,569	$ 2,265,666	$ 19,981,219
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 24,270,045	$ 7,364,269	$ 5,934,333	$ 3,450,703	$ 41,019,350

See notes to financial statements.

EXHIBIT "D"

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances of Governmental Funds	$ 19,981,219
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	59,328,594
Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	1,261,372
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(44,115)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(2,346,475)
Long-term liabilities, including bonds and notes payable, net pension liability and net other postemployment benefits liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds. Other related amounts include unamortized bond discount and deferred amount on refunding bonds.	(50,949,950)
Net Position of Governmental Activities	$ 27,230,645

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues					
Local sources:					
Local tax	$ 13,402,959	$ 1,245,091	$ 926,535	$ 1,023,032	$ 16,597,617
Tuition	1,471,815	---	---	---	1,471,815
Other	801,668	266,630	65,844	1,509,634	2,643,776
State sources	18,266,166	2,818,279	12,246	13,792	21,110,483
Federal sources	1,074,649	---	---	---	1,074,649
Total Revenues	$ 35,017,257	$ 4,330,000	$ 1,004,625	$ 2,546,458	$ 42,898,340
Expenditures					
Current:					
Instruction:					
Regular	$ 12,324,959	$ 122,031	$ ---	$ 492,997	$ 12,939,987
Special	4,342,916	---	---	144,372	4,487,288
Other	5,005,956	---	---	1,390,833	6,396,789
Total Instruction	$ 21,673,831	$ 122,031	$ ---	$ 2,028,202	$ 23,824,064
Support Services:					
Student	$ 834,438	$ ---	$ ---	$ 2,273	$ 836,711
Instructional staff	1,590,069	---	---	14,273	1,604,342
Administration	3,427,943	95,324	---	62,041	3,585,308
Operation and maintenance of plant	2,311,968	74,141	---	302,973	2,689,082
Transportation	1,823,745	517,760	---	186,461	2,527,966
Total Support Services	$ 9,988,163	$ 687,225	$ ---	$ 568,021	$ 11,243,409
Non-instructional Programs	$ 499	$ ---	$ ---	$ 40,117	$ 40,616

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
Expenditures (Continued)					
Other Expenditures:					
Facilities acquisition	$ ---	$ 2,804,301	$ ---	$ ---	$ 2,804,301
Long-term debt:					
Principal	---	---	750,000	---	750,000
Interest and fiscal charges	---	---	579,457	---	579,457
AEA flowthrough	1,440,757	---	---	---	1,440,757
Total Other Expenditures	$ 1,440,757	$ 2,804,301	$ 1,329,457	$ ---	$ 5,574,515
Total Expenditures	$ 33,103,250	$ 3,613,557	$ 1,329,457	$ 2,636,340	$ 40,682,604
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,914,007	$ 716,443	$ (324,832)	$ (89,882)	$ 2,215,736
Other Financing Sources (Uses)					
Compensation for loss of fixed assets	$ 84,150	$ ---	$ ---	$ ---	$ 84,150
Sale of equipment and materials	4,528	---	---	---	4,528
Operating transfers in	---	80,000	1,905,722	---	1,985,722
Operating transfers out	(80,000)	(1,905,722)	---	---	(1,985,722)
Total Other Financing Sources (Uses)	$ 8,678	$ (1,825,722)	$ 1,905,722	$ ---	$ 88,678
Change in Fund Balances	$ 1,922,685	$ (1,109,279)	$ 1,580,890	$ (89,882)	$ 2,304,414
Fund Balances Beginning of Year	5,038,059	6,856,519	3,426,679	2,355,548	17,676,805
Fund Balances End of Year	$ 6,960,744	$ 5,747,240	$ 5,007,569	$ 2,265,666	$ 19,981,219

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Change in Fund Balances - Total Governmental Funds	$ 2,304,414
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $3,062,929 exceeded depreciation of $(2,039,067) in the current period.	1,023,862
In the Statement of Activities, gain or loss on the sale or disposition of assets is reported, whereas in the governmental funds, the proceeds from the sale or disposition increase financial resources. The change in net position differs from the change in fund balance by the cost of the assets sold or disposed of ($321,987), net of related accumulated depreciation of $318,495.	(3,492)
Income surtaxes and other revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	194,556
Payment of long-term liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	750,000
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(25,835)
Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	1,487
The current year District share of IPERS contributions are reported as expenditures in the governmental funds, but are reported at a deferred outflow of resources in the Statement of Net Position.	1,727,097
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes pension expense and the net increase in other postemployment benefits.	(846,737)
Change in Net Position of Governmental Activities	$ 5,125,352

See notes to financial statements.

EXHIBIT "G"

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	School Nutrition
Assets	
Current Assets:	
Cash, cash equivalents and pooled investments	$ 475,687
Accounts receivable	1,362
Prepaid expenses	128
Inventories	60,841
Total Current Assets	$ 538,018
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	164,685
Total Assets	$ 702,703
Deferred Outflows of Resources	
Pension related amounts	$ 80,118
Liabilities	
Current Liabilities:	
Accounts payable	$ 2,506
Salaries and benefits payable	4,668
Total Current Liabilities	$ 7,174
Noncurrent Liabilities:	
Net pension liability	$ 378,956
Net other postemployment benefits liability	277,000
Total Noncurrent Liabilities	$ 655,956
Total Liabilities	$ 663,130
Deferred Inflows of Resources	
Pension related amounts	$ 159,858
Net Position	
Net investment in capital assets	$ 164,685
Unrestricted	(204,852)
Total Net Position	$ (40,167)

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	School Nutrition
Operating Revenues	
Local sources:	
Charges for services	$ 1,212,206
Operating Expenses	
Non-instructional programs:	
Food service operations:	
Salaries	$ 671,144
Benefits	146,153
Purchased services	20,446
Supplies	973,683
Depreciation	28,792
Total Noninstructional Programs	$ 1,840,218
Operating Income (Loss)	$ (628,012)
Non-Operating Revenues	
State sources	$ 15,042
Federal sources	807,047
Interest income	147
Total Non-Operating Revenues	$ 822,236
Change in Net Position	$ 194,224
Net Position Beginning of Year, as Restated	(234,391)
Net Position End of Year	$ (40,167)

See notes to financial statements.

EXHIBIT "I"

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

		School Nutrition
Cash Flows From Operating Activities		
Cash received from sale of lunches and breakfasts	$	1,210,899
Cash paid to employees for services		(910,424)
Cash paid to suppliers for goods or services		(819,884)
Net Cash Used by Operating Activities	$	(519,409)
Cash Flows From Non-Capital Financing Activities		
State grants received	$	15,042
Federal grants received		619,620
Net Cash Provided by Non-Capital Financing Activities	$	634,662
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	$	(25,857)
Cash Flows From Investing Activities		
Interest on investments	$	147
Net Increase in Cash and Cash Equivalents	$	89,543
Cash and Cash Equivalents at Beginning of Year		386,144
Cash and Cash Equivalents at End of Year	$	475,687
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	$	(628,012)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used		187,427
Depreciation		28,792
(Increase) in inventories		(14,225)
(Increase) in accounts receivable		(1,307)
(Increase) in prepaid expenses		(69)
Increase in accounts payable		1,112
(Decrease) in salaries and benefits payable		(1,029)
(Decrease) in due to other funds		(69,604)
(Decrease) in net pension liability		(170,071)
(Decrease) in deferred outflows of resources		(24,281)
Increase in deferred inflows of resources		159,858
Increase in net other postemployment liability		12,000
Net Cash Used by Operating Activities	$	(519,409)

Non-Cash Investing, Capital and Related Financing Activities

During the year ended June 30, 2015, the District received $187,427 of federal commodities.

See notes to financial statements.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust
	Scholarship
Assets	
Cash and pooled investments	$ 24,854
Due from other funds	125
Total Assets	$ 24,979
Liabilities	
None	$ ---
Net Position	
Reserved for scholarships	$ 24,979

See notes to financial statements.

EXHIBIT "K"

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	Private Purpose Trust
	Scholarship
Additions	
Local Sources:	
Gifts and contributions	$ 5,375
Interest	4
Total Additions	$ 5,379
Deductions	
Instruction:	
Regular:	
Scholarships awarded	4,000
Change in Net Position	$ 1,379
Net Position Beginning of Year	23,600
Net Position End of Year	$ 24,979

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies:

The Western Dubuque County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the predominately agricultural territory in Northeast Iowa including portions of the following counties; Dubuque, Delaware, Jackson, Clayton and Jones. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Western Dubuque County Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of Dubuque County Assessor's Conference Board, the Jones County Assessor's Conference Board, and the Dubuque County Empowerment Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long term debt.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statements of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Note 1 - **Summary of Significant Accounting Policies: (Continued)**

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, and grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	All
Buildings	$ 5,000
Improvements other than buildings	5,000
Intangibles	100,000
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20-50
Intangibles	5-10
Furniture and equipment	5-20

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period. Also included in deferred outflows is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2015 has been accrued.

Long-Term Liabilities and Bond Discounts/Premiums - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amount budgeted. The District did not exceed its General Fund unspent authorized budget.

Note 1 - Summary of Significant Accounting Policies: (Continued)

F. Estimates

The preparation of financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash, Cash Equivalents and Pooled Investments:

The District's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of $15,038 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services.

Note 3 - Due From and Due To Other Funds:

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue - StudentActivity	$ 1,701
Fiduciary – Private Purpose Trust	General	125

These balances will be repaid within fiscal year 2016.

Note 4 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 1,905,722
Capital Projects	General	80,000

Transfers are used to move resources from the fund that statute or budget requires to record them to the fund that statute or budget requires to expend them.

Note 5 - Categorical Funding:

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Home school assistance program	$ 39,908
Gifted and talented program	84,962
Educator quality professional development	164,820
Teacher salary supplement	16,813
Professional development for model core curriculum	139,624
Returning dropout and dropout prevention program	67,842
Early literacy	40,035
Teacher leadership grants	187,901
Other	3,820
	$ 745,725

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 6 - Capital Assets:

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 882,707	$ 97,734	$ ---	$ 980,441
Construction in progress	15,216,517	2,205,063	16,510,911	910,669
Total capital assets not being depreciated	$ 16,099,224	$ 2,302,797	$ 16,510,911	$ 1,891,110
Capital assets being depreciated:				
Buildings	$ 52,847,851	$ 16,329,815	$ ---	$ 69,177,666
Improvements other than buildings	1,665,204	8,793	---	1,673,997
Furniture and equipment	8,040,325	932,435	321,987	8,650,773
Total capital assets being depreciated	$ 62,553,380	$ 17,271,043	$ 321,987	$ 79,502,436
Less accumulated depreciation for:				
Buildings	$ 13,807,892	$ 1,391,507	$ ---	$ 15,199,399
Improvements other than buildings	1,213,155	50,292	---	1,263,447
Furniture and equipment	5,323,333	597,268	318,495	5,602,106
Total accumulated depreciation	$ 20,344,380	$ 2,039,067	$ 318,495	$ 22,064,952
Total capital assets being depreciated, net	$ 42,209,000	$ 15,231,976	$ 3,492	$ 57,437,484
Total governmental activities capital assets, net	$ 58,308,224	$ 17,534,773	$ 16,514,403	$ 59,328,594
Business type activities:				
Furniture and equipment	$ 467,273	$ 25,857	$ ---	$ 493,130
Less accumulated depreciation	299,653	28,792	---	328,445
Business type activities capital assets, net	$ 167,620	$ (2,935)	$ ---	$ 164,685

Note 6 - Capital Assets: (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	$ 95,383
Other	21,412
Support Services:	
Administration	1,224
Operation and maintenance of plant	32,211
Transportation	417,918
Non-instructional	7,162
Unallocated	1,463,757
Total governmental activities depreciation expense	$ 2,039,067
Business type activities:	
Food service operations	$ 28,792

Note 7 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 19,330,000	$ ---	$ 750,000	$ 18,580,000	$ 770,000
Qualified school construction bond	16,500,000	---	---	16,500,000	---
Net pension liability	16,088,141	---	4,983,568	11,104,573	---
Net OPEB liability	4,051,000	937,000	711,000	4,277,000	---
Total	$ 39,881,000	$ 937,000	$ 1,461,000	$ 39,357,000	$ 770,000
Business Type Activities:					
Net pension liability	$ 549,026	$ ---	$ 170,070	$ 378,956	$ ---
Net OPEB liability	265,000	12,000	---	277,000	---
Total	$ 814,026	$ 12,000	$ 170,070	$ 655,956	$ ---

Note 7 - Long-Term Liabilities: (Continued)

General Obligation Bonds

Details of the District's June 30, 2015, general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue March 23, 2010 Interest Rates	Principal	Interest	Bond Issue October 30, 2012 Interest Rates	Principal	Interest	Total Principal	Interest
2016	2.40	430,000	79,793	3.000	340,000	476,975	770,000	556,768
2017	2.65	435,000	69,473	3.000	350,000	466,775	785,000	536,248
2018	2.80	445,000	57,945	3.000	370,000	456,275	815,000	514,220
2019	3.00	465,000	45,485	3.000	405,000	445,175	870,000	490,660
2020	3.20	475,000	31,535	3.000	420,000	433,025	895,000	464,560
2021-2025	3.30	495,000	16,335	3.000	4,630,000	1,866,925	5,125,000	1,883,260
2026-2030	---	---	---	3.000	6,295,000	1,050,625	6,295,000	1,050,625
2031-2032	---	---	---	3.00-3.125	3,025,000	140,800	3,025,000	140,800
		2,745,000	300,566		15,835,000	5,336,575	18,580,000	5,637,141

Series 2012 bonds due June 1, 2021 – 2032, inclusive, are callable in whole or in part on any date after June 1, 2021 at a price of par and accrued interest. If less than all the bonds are called, they shall be redeemed in any order of maturity as determined by the District within any maturity by lot.

On March 23, 2010, the District issued $4,250,000 in general obligation bonds with an average interest rate of 2.70% to advance refund $4,000,000 of outstanding 2001 Series bonds with an average interest rate of 4.60%. The bonds due June 1, 2019 - 2021, inclusive, are callable in whole or in part on any date after June 1, 2018 at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the District within any maturity by lot.

Qualified School Construction Bonds

On December 15, 2009, the District issued $8,500,000 of qualified school construction bonds for the purpose of building and equipping an addition to the Drexler Middle School. The bonds are interest free and the entire balance is due on June 1, 2026. The bonds are payable solely from the proceeds of the statewide sales, services and use tax

Note 7 - Long-Term Liabilities: (Continued)

<u>Qualified School Construction Bonds</u> (Continued)

revenue received by the District and are not a general obligation of the District. The bonds may be called for redemption on any date, in whole or from time to time in part at a price of par. Beginning June 1, 2010, the District is required to place seventeen annual payments into an escrow account, which has a 2.00% interest rate. The balance accumulated in the escrow account will be used to repay the bonds when they mature.

On April 28, 2010, the District issued $8,000,000 of qualified school construction bonds for the purpose of constructing, furnishing, and equipping a new elementary school in Dyersville, Iowa. The bonds are interest free and the entire balance is due on June 1, 2020.

The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and are not a general obligation of the District. The bonds may be called for redemption on any date, in whole or from time to time in part at a price of par. Beginning June 1, 2015, the District is required to place seven annual payments into an escrow account, which has a 1.85% interest rate. The balance accumulated in the escrow account will be used to repay the bonds when they mature.

The District did comply with all of the provisions during the year ended June 30, 2015. The Sinking Fund and Reserve Fund requirements are accounted for in the Debt Service Fund.

Note 8 - Lease Agreement:

On October 20, 2001, the District entered an agreement to lease a building for five years. This lease was renewed on February 15, 2006 for an additional five years with annual rent payments of $37,440. This lease has not been formally renewed; however, the District continues to lease the building on a month to month basis. Monthly rental payments are $3,120.

Note 9 - 28E Agreements:

On July 20, 2005, the District entered into a 28E Agreement with the City of Farley, Iowa. The agreement is for the purpose of constructing a high school regulation softball field. Along with the 28E Agreement, the District has entered into a lease agreement with the City of Farley for the use of the softball field. The term of the lease is 40 years with annual rent of $1.

Note 9 - 28E Agreements: (Continued)

On April 14, 2011, the District entered into a 28E Agreement with the City of Cascade, Iowa. The purpose of the agreement is to allow the City to use land owned by the District to develop and maintain a soccer field for community and District use.

On December 29, 2011, the District entered into a 28E Agreement with the City of Farley, Iowa and the Dubuque County Library Board. The purpose of the agreement is to allow the operation of a joint library facility.

Note 10 - Pension Plan:

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year salary.)

Note 10 - Pension Plan: (Continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.50 percent for each month hat the member received benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump=sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were $1,786,372.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of $11,483,529 for its proportionate share of the net pension liability.

Note 10 - Pension Plan: (Continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.289556 percent, which was an increase of 0.000205 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of $750,945. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 124,804	$ ---
Change in assumptions	506,794	---
Net difference between projected and actual earnings on pension plan investments	---	4,379,487
Changes in proportion and differences between District contributions and proportionate share of contributions	---	464,698
District contributions subsequent to the measurement date	1,786,372	---
	$ 2,417,970	$ 4,844,185

$1,786,372 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	$ (1,055,876)
2017	(1,055,876)
2018	(1,055,876)
2019	(1,055,876)
2020	10,917
	$ (4,212,587)

Note 10 - Pension Plan: (Continued)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Note 10 - Pension Plan: (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position as projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportional Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	$ 21,697,805	$ 11,483,529	$ 2,861,621

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the District reported payables to the defined benefit pension plan of $130,547 for legally required employer contributions and $86,982 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 11 - Other Postemployment Benefits (OPEB):

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 517 active and 58 retired members in the plan. Participants must be age 58 or older at retirement.

Note 11 - Other Postemployment Benefits (OPEB): (Continued)

The medical/prescription drug coverage is provided through a fully-insured plan with Medical Associates. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The District also contributes to an employer-provided health reimbursement arrangement for contracted employees when they retire. To qualify, the retiring employee must be at least age 55 and have 10 or more years of service with the District. For contracted employees eligible for health insurance, the District will contribute an amount equal to its annual contribution to the cost of family medical insurance at the time of retirement for the employee's work classification for a period of five years. For employees not eligible for medical insurance, the District will contribute a one-time amount equal to 25% of the employee's regular wages earned during the last year of employment with the District.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. Retirees pay the full cost of premiums for the medical/prescription drug benefit. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	920,000
Interest on net OPEB obligation		194,000
Adjustment to annual required contribution		(165,000)
Annual OPEB cost	$	949,000
Contributions made		(711,000)
Increase in net OPEB obligation	$	238,000
Net OPEB obligation beginning of year		4,316,000
Net OPEB obligation end of year	$	4,554,000

Note 11 - Other Postemployment Benefits (OPEB): (Continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed $0 to the medical plan premiums and $711,000 to the health reimbursement arrangement. Plan members eligible for benefits contributed $442,009, or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 1,330,000	58.20%	$ 3,774,000
2014	1,334,000	59.37%	4,316,000
2015	949,000	74.92%	4,554,000

Funded Status and Funding Process - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $8.308 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $8.308 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately $20,236,000, and the ratio of the UAAL to covered payroll was 41.06%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 11 - Other Postemployment Benefits (OPEB): (Continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 12 - Risk Management:

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled $1,440,757 for the year ended June 30, 2015, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 14 - Construction in Progress:

The District has entered into contracts totaling $2,685,005 for a vocational arts building and tennis courts at Western Dubuque High School. As of June 30, 2015, costs of $866,570 had been incurred against the contracts. The remaining amount will be paid as work on the project progresses.

Note 15 - Deficit Balance:

The Enterprise, School Nutrition Fund had a deficit balance of $40,167 at June 30, 2015. The deficit balance was a result of implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. See Note 17 for additional details. The deficit will be eliminated by future revenues.

Note 16 - Subsequent Events:

The District approved a contract in the amount of $378,576 for the purchase of five school buses.

The District's management has evaluated subsequent events and transactions for potential financial statement recognition and disclosure through January 13, 2016, the date the financial statements were available to be issued.

Note 17 - Accounting Change/Restatement:

Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards

Note 17 - Accounting Change/Restatement: (Continued)

Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	$ 36,557,274	$ 258,799
Net pension liability at June 30, 2014	(16,088,141)	(549,026)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	1,636,160	55,836
Net position July 1, 2014, as restated	$ 22,105,293	$ (234,391)

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues						
Local sources	$ 20,713,208	$ 1,212,353	$ 21,925,561	$ 21,189,538	$ 21,189,538	$ 736,023
Intermediate sources	---	---	---	1,000	1,000	(1,000)
State sources	21,110,483	15,042	21,125,525	21,178,473	21,178,473	(52,948)
Federal sources	1,074,649	807,047	1,881,696	1,739,399	1,739,399	142,297
Total Revenues	$ 42,898,340	$ 2,034,442	$ 44,932,782	$ 44,108,410	$ 44,108,410	$ 824,372
Expenditures/Expenses						
Instruction	$ 23,824,064	$ ---	$ 23,824,064	$ 23,905,554	$ 24,261,884	$ 437,820
Support services	11,243,409	---	11,243,409	11,771,818	11,771,818	528,409
Non-instructional programs	40,616	1,840,218	1,880,834	2,040,573	2,040,573	159,739
Other expenditures	5,574,515	---	5,574,515	5,602,511	6,702,792	1,128,277
Total Expenditures/Expenses	$ 40,682,604	$ 1,840,218	$ 42,522,822	$ 43,320,456	$ 44,777,067	$ 2,254,245
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	$ 2,215,736	$ 194,224	$ 2,409,960	$ 787,954	$ (668,657)	$ 3,078,617
Other Financing Sources, Net	88,678	---	88,678	2,000	2,000	86,678
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	$ 2,304,414	$ 194,224	$ 2,498,638	$ 789,954	$ (666,657)	$ 3,165,295
Balances Beginning of Year	17,676,805	(234,391)	17,442,414	17,646,211	17,646,211	(203,797)
Balances End of Year	$ 19,981,219	$ (40,167)	$ 19,941,052	$ 18,436,165	$ 16,979,554	$ 2,961,498

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING YEAR ENDED JUNE 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by $1,456,611.

During the year ended June 30, 2015, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.289556%
District's proportionate share of the net pension liability	$ 11,484
District's covered-employee payroll	18,962
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.56%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF DISTRICT CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011
Statutorily required contributions	$ 1,786	$ 1,693	$ 1,636	$ 1,433	$ 1,220
Contributions in relation to the statutorily required contribution	(1,786)	(1,693)	(1,636)	(1,433)	(1,220)
Contribution deficiency (excess)	$ ---	$ ---	$ ---	$ ---	$ ---
District's covered-employee payroll	$ 20,004	$ 18,962	$ 18,868	$ 17,754	$ 17,547
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF DISTRICT CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	2010	2009	2008	2007	2006
Statutorily required contributions	$ 1,121	$ 1,012	$ 928	$ 826	$ 856
Contributions in relation to the statutorily required contribution	(1,121)	(1,012)	(928)	(826)	(856)
Contribution deficiency (excess)	$ ---	$ ---	$ ---	$ ---	$ ---
District's covered-employee payroll	$ 16,859	$ 15,935	$ 15,345	$ 14,358	$ 14,893
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2008	$ ---	$ 9,009	$ 9,009	0.0%	$ 17,047	52.90%
2011	July 1, 2010	---	12,552	12,552	0.0%	17,547	71.50%
2012	July 1, 2010	---	12,552	12,552	0.0%	17,884	70.20%
2013	July 1, 2012	---	11,114	11,114	0.0%	19,055	58.33%
2014	July 1, 2012	---	11,114	11,114	0.0%	19,243	57.76%
2015	July 1, 2014	---	8,308	8,308	0.0%	20,236	41.06%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

WESTERN DUBUQUE COUNT COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents, and pooled investments	$ 815,872	$ 844,893	$ 1,660,765
Receivables:			
Property tax:			
Delinquent	10,007	---	10,007
Succeeding year	1,144,996	---	1,144,996
Accounts	---	7,534	7,534
Prepaid expenses	627,401	---	627,401
Total Assets	$ 2,598,276	$ 852,427	$ 3,450,703
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ ---	$ 38,340	$ 38,340
Due to other funds	---	1,701	1,701
Total Liabilities	$ ---	$ 40,041	$ 40,041
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	$ 1,144,996	$ ---	$ 1,144,996
Fund Balances:			
Nonspendable:			
Prepaid expenditures	$ 627,401	$ ---	$ 627,401
Restricted for:			
Management levy purposes	825,879	---	825,879
Student activities	---	812,386	812,386
Total Fund Balances	$ 1,453,280	$ 812,386	$ 2,265,666
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,598,276	$ 852,427	$ 3,450,703

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues			
Local Sources:			
Local tax	$ 1,023,032	$ ---	$ 1,023,032
Other	27,919	1,481,715	1,509,634
State sources	13,792	---	13,792
Total Revenues	$ 1,064,743	$ 1,481,715	$ 2,546,458
Expenditures			
Current:			
Instruction:			
Regular	$ 492,997	$ ---	$ 492,997
Special	144,372	---	144,372
Other	37,654	1,353,179	1,390,833
Total Instruction	$ 675,023	$ 1,353,179	$ 2,028,202
Support Services:			
Student	$ 2,273	$ ---	$ 2,273
Instructional staff	14,088	185	14,273
Administration	58,866	3,175	62,041
Operation and maintenance of plant	300,729	2,244	302,973
Transportation	129,690	56,771	186,461
Total Support Services	$ 505,646	$ 62,375	$ 568,021
Non-instructional Programs	$ 40,117	$ ---	$ 40,117
Total Expenditures	$ 1,220,786	$ 1,415,554	$ 2,636,340
Change in Fund Balances	$ (156,043)	$ 66,161	$ (89,882)
Fund Balances Beginning of Year	1,609,323	746,225	2,355,548
Fund Balances End of Year	$ 1,453,280	$ 812,386	$ 2,265,666

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
JUNE 30, 2015

	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
Assets				
Cash, cash equivalents, and pooled investments	$ 4,148,262	$ ---	$ 1,357,252	$ 5,505,514
Receivables:				
Property tax:				
Delinquent	---	---	11,527	11,527
Succeeding year	---	---	1,286,797	1,286,797
Accounts	50,033	---	---	50,033
Due from other governments	433,868	---	---	433,868
Prepaid expenses	76,530	---	---	76,530
Total Assets	$ 4,708,693	$ ---	$ 2,655,576	$ 7,364,269
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 300,444	$ ---	$ 29,788	$ 330,232
Deferred Inflows of Resources:				
Unavailable Revenues:				
Succeeding year property tax	$ ---	$ ---	$ 1,286,797	$ 1,286,797
Fund Balances:				
Nonspendable:				
Prepaid expenditures	$ 76,530	$ ---	$ ---	$ 76,530
Restricted for:				
School infrastructure	4,331,719	---	---	4,331,719
Physical plant and equipment	---	---	1,338,991	1,338,991
Total Fund Balances	$ 4,408,249	$ ---	$ 1,338,991	$ 5,747,240
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,708,693	$ ---	$ 2,655,576	$ 7,364,269

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECT ACCOUNTS YEAR ENDED JUNE 30, 2015

	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total
Revenues				
Local Sources:				
Local tax	$ ---	$ ---	$ 1,245,091	$ 1,245,091
Other	57,503	166,316	42,811	266,630
State sources	2,801,822	---	16,457	2,818,279
Federal sources	---	---	---	---
Total Revenues	$ 2,859,325	$ 166,316	$ 1,304,359	$ 4,330,000
Expenditures				
Current:				
Instruction:				
Regular	$ ---	$ ---	$ 122,031	$ 122,031
Support Services:				
Administration	$ 8,910	$ 21,116	$ 65,298	$ 95,324
Operation and maintenance of plant	---	---	74,141	74,141
Transportation	---	---	517,760	517,760
Total Support Services	$ 8,910	$ 21,116	$ 657,199	$ 687,225
Other Expenditures:				
Facilities acquisition	$ 1,044,240	$ 1,359,186	$ 400,875	$ 2,804,301
Total Expenditures	$ 1,053,150	$ 1,380,302	$ 1,180,105	$ 3,613,557
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,806,175	$(1,213,986)	$ 124,254	$ 716,443
Other Financing Sources (Uses)				
Operating transfers in	$ ---	$ 80,000	$ ---	$ 80,000
Operating transfers out	(1,905,722)	---	---	(1,905,722)
Total Other Financing Sources (Uses)	$(1,905,722)	$ 80,000	$ ---	$(1,825,722)
Change in Fund Balances	$ (99,547)	$(1,133,986)	$ 124,254	$(1,109,279)
Fund Balances Beginning of Year	4,507,796	1,133,986	1,214,737	6,856,519
Fund Balances End of Year	$ 4,408,249	$ ---	$ 1,338,991	$ 5,747,240

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

	Balance Beginning Of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
District Wide Accounts					
Employee Awards	$ 154	$ ---	$ ---	$ ---	$ 154
Western Trip	8,715	---	---	---	8,715
District Wide Interest	95,291	884	---	(22,000)	74,175
Total District Wide	$ 104,160	$ 884	$ ---	$ (22,000)	$ 83,044
Epworth High School:					
Computer Technology	$ 135	$ ---	$ ---	$ ---	$ 135
Dramatics Fund	8,188	8,078	5,622	197	10,841
Speech Club	62	4,715	3,171	199	1,805
Vocal Music	3,706	20,522	16,759	2,020	9,489
Instrumental Music	6,324	6,812	6,582	(606)	5,948
Show Choir	267	78,361	74,359	(137)	4,132
Model U.N.	455	---	---	---	455
Student Council	32,612	17,756	21,003	2,079	31,444
Future Farmers	15,953	65,074	60,440	1,842	22,429
Yearbook	12,866	28,310	27,094	---	14,082
Library Club	1,608	---	---	---	1,608
Close Up	94	---	---	---	94
Post Prom	3,227	2,768	2,879	---	3,116
National Honor Society	1,554	2,040	1,503	(21)	2,070
Class of 2018	---	1,699	811	---	888
Class of 2017	761	1,227	428	---	1,560
Class of 2016	1,245	5,096	2,727	(109)	3,505
Class of 2015	3,093	170	368	(2,895)	---
Future Business Leaders	11,973	26,509	31,331	(698)	6,453
Athletic Fund	182,332	617,652	577,212	6,581	229,353
Pop and Uniforms	5,595	2,054	1,747	---	5,902
Fundraiser	9,739	2,061	2,228	(2,780)	6,792
Band	7,477	---	7,375	6,444	6,546
Miscellaneous	15,778	27,730	32,529	3,661	14,640
Total Epworth High School	$ 325,044	$ 918,634	$ 876,168	$ 15,777	$ 383,287

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

	Balance Beginning Of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Cascade High School:					
Poms	$ 39	$ ---	$ 193	$ 213	$ 59
Dramatics/Speech	7,143	16,162	16,386	(85)	6,834
Vocal Music	2,653	6,927	7,414	(229)	1,937
Instrumental Music	1,776	12,897	11,656	25	3,042
Band	48	---	---	---	48
Student Council	3,167	7,958	8,318	516	3,323
Future Farmers	99,280	88,432	94,676	3,378	96,414
Cheerleaders	177	1,429	1,510	(96)	---
National Honor Society	58	500	1,082	524	---
Junior High	---	1,000	27	(694)	279
Class of 2016	---	1,848	1,042	84	890
Class of 2015	1,028	999	2,059	32	---
Athletic Fund	10,603	186,146	177,448	5,918	25,219
Future Business Leaders	3,611	18,887	18,249	(1,092)	3,157
Pop and Uniforms	438	3,566	3,002	(547)	455
Yearbook	5,139	6,361	7,322	---	4,178
Miscellaneous	901	13,282	11,898	(1,724)	561
Total Cascade High School	$ 136,061	$ 366,394	$ 362,282	$ 6,223	$ 146,396
Bernard Elementary:					
Student Expenses	$ 5,069	$ 2,552	$ 2,384	$ ---	$ 5,237
Cascade Elementary:					
Student Expenses	$ 16,720	$ 12,164	$ 8,688	$ ---	$ 20,196
School Photos	3,755	---	---	---	3,755
Total Cascade Elementary	$ 20,475	$ 12,164	$ 8,688	$ ---	$ 23,951
Dyersville Elementary:					
Student Expenses	$ 10,838	$ 17,351	$ 6,522	$ 212	$ 21,879
Book Fair	---	1,203	1,202	---	1
School Photos	2,871	2,089	---	(212)	4,748
Total Dyersville Elementary	$ 13,709	$ 20,643	$ 7,724	$ ---	$ 26,628

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Farley:					
Spring Fundraiser	$ 15,548	$ ---	$ 196	$ ---	$ 15,352
Student Council	671	401	493	316	895
Yearbook	3,479	8,022	6,974	---	4,527
Vocal Music	8,878	42,772	52,025	1,907	1,532
Athletic Fund	4,919	15,576	11,059	1,413	10,849
Booster Club/PTO	377	---	---	---	377
Outdoor Education	11,133	15,797	21,192	(1,484)	4,254
Pop and Uniforms	4,712	1,326	1,024	(170)	4,844
Fitness Program	2,389	4,659	3,366	---	3,682
Book Fair	2,838	---	---	---	2,838
School Photos	26,923	5,041	---	(4,060)	27,904
Magazine/Newspaper Fundraiser	4,503	2,238	---	---	6,741
Grade 8 Class Trip	4,480	15,111	15,149	---	4,442
Various Groups	33,698	38,344	38,082	2,078	36,038
Total Farley	$ 124,548	$ 149,287	$ 149,560	$ ---	$ 124,275
Epworth Elementary:					
Student Expenses	$ 10,416	$ 4,371	$ 4,365	$ ---	$ 10,422
Peosta Elementary:					
Yearbook	$ 1,046	$ 2,057	$ 964	$ ---	$ 2,139
Booster Club	210	---	---	---	210
Miscellaneous	5,487	4,729	3,419	---	6,797
Total Peosta Elementary	$ 6,743	$ 6,786	$ 4,383	$ ---	$ 9,146
Total	$ 746,225	$1,481,715	$1,415,554	$ ---	$ 812,386

See accompanying independent auditor's report.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis				
	2015	2014	2013	2012	2011
Revenues					
Local Sources:					
Local tax	$ 16,597,617	$ 16,008,002	$ 18,329,503	$ 17,420,490	$ 16,500,013
Tuition	1,471,815	1,252,114	1,217,123	1,288,794	952,017
Other	2,643,776	2,276,723	1,857,232	2,297,134	2,059,165
Intermediate Sources	---	---	3,228	650	1,817
State Sources	21,110,483	19,704,936	16,015,644	15,449,656	14,456,510
Federal Sources	1,074,649	1,091,204	1,118,573	1,873,725	2,252,535
Total	$ 42,898,340	$ 40,332,979	$ 38,541,303	$ 38,330,449	$ 36,222,057
Expenditures					
Instruction:					
Regular	$ 12,939,987	$ 12,501,174	$ 12,529,543	$ 12,023,320	$ 11,122,744
Special	4,487,288	4,410,022	4,497,179	4,036,455	3,705,460
Other	6,396,789	6,238,645	5,601,800	5,182,942	5,521,268
Support Services:					
Student	836,711	810,551	785,174	1,060,337	1,024,825
Instructional staff	1,604,342	825,080	1,041,590	978,196	842,202
Administration	3,585,308	3,890,927	3,372,170	3,182,006	2,879,063
Operation and maintenance of plant	2,689,082	2,518,518	2,337,729	2,114,049	1,978,215
Transportation	2,527,966	2,133,449	2,538,257	2,428,324	2,567,962
Non-instructional programs	40,616	38,228	38,978	39,644	38,909
Other Expenditures:					
Facilities acquisition	2,804,301	14,914,448	1,382,275	2,354,477	13,725,635
Long-term debt:					
Principal	750,000	740,000	1,405,000	1,380,000	1,280,000
Interest and other charges	579,457	593,532	576,541	147,400	200,414
AEA flowthrough	1,440,757	1,399,889	1,318,329	1,265,458	1,342,368
Total	$ 40,682,604	$ 51,014,463	$ 37,424,565	$ 36,192,608	$ 46,229,065

See accompanying independent auditor's report.

SCHEDULE "6"

Modified Accrual Basis

2010	2009	2008	2007	2006
$ 15,686,866	$ 15,038,895	$ 14,137,465	$ 13,880,533	$ 13,144,109
850,519	804,929	825,845	830,306	717,011
1,604,956	1,790,591	1,928,215	1,911,309	1,592,219
7,872	9,988	12,488	1,306	6,459
12,369,676	13,409,951	12,893,404	11,984,915	11,440,396
2,619,203	1,176,914	801,897	850,311	1,416,939
$ 33,139,092	$ 32,231,268	$ 30,599,314	$ 29,458,680	$ 28,317,133
$ 11,249,602	$ 10,570,155	$ 10,197,183	$ 10,311,911	$ 9,154,370
3,770,825	3,686,818	3,403,315	2,782,573	3,289,290
4,997,044	3,793,523	3,400,738	3,020,372	2,105,981
989,832	979,946	904,763	841,912	819,965
307,997	362,822	372,002	393,706	866,136
2,938,145	2,768,180	2,768,828	2,590,845	2,528,027
1,732,424	1,842,198	1,779,698	1,707,388	1,568,012
2,313,033	2,204,821	2,476,922	2,227,582	2,121,983
36,634	44,677	39,453	37,462	19,643
8,185,273	629,749	719,111	965,701	649,303
2,210,000	1,390,000	1,900,000	1,840,000	1,760,000
718,875	454,809	527,844	593,974	650,629
1,296,569	1,168,250	1,096,770	1,042,947	974,359
$ 40,746,253	$ 29,895,948	$ 29,586,627	$ 28,356,373	$ 26,507,698

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY15	$ 86,105
National School Lunch Program	10.555	FY15	533,514
National School Lunch Program - USDA Commodities (noncash)	10.555	FY15	187,427
			$ 807,046
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY15	$ 397,591
Career and Technical Education - Basic Grants to States	84.048	FY15	38,090
Improving Teacher Quality State Grants	84.367	FY15	137,144
State Assessment	84.369	FY15	15,220
Special Education Grants to States	84.027	FY15	1,000
Keystone Area Education Agency:			
Special Education Grants to States	84.027	FY15	202,631
			$ 791,676
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY15	$ 700
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778	FY15	282,273
			$ 282,973
Total			$ 1,881,695

*Total for Special Education cluster is $203,631.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Western Dubuque County Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Western Dubuque County Community School District

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Western Dubuque County Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2016. In addition, we have disclaimed an opinion on the required supplementary information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Dubuque County Community's School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Dubuque County Community School District's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Western Dubuque County Community School District's Reponses to Findings

Western Dubuque County Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Western Dubuque County Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks + Co., P.C.

Dubuque, Iowa
January 13, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education of the
Western Dubuque County Community School District

Report on Compliance for Each Major Federal Program

We have audited Western Dubuque County Community School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Western Dubuque County Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Western Dubuque County Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Western Dubuque County Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Western Dubuque County Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
January 13, 2016

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part I: Summary of Independent Auditor's Results

a) Unmodified opinions were issued on the financial statements.

b) No material weaknesses in internal control over financial reporting were noted.

c) The audit did not disclose any non-compliance which is material to the financial statements.

d) No material weaknesses in internal control over the major programs were noted.

e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

g) Major programs were as follows:

- CFDA Number 84.010 – Title I Grants to Local Education Agencies
- Child Nutrition Cluster:
  CFDA Number 10.553 - School Breakfast Program
  CFDA Number 10.555 - National School Lunch Program

h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

i) Western Dubuque County Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Noncompliance:
No matters were noted.

Material Weakness:
No matters were noted.

WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:
No matters were noted.

Material Weakness:
No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget – Expenditures for the year ended June 30, 2015, did not exceed the amount budgeted.

IV-B-15 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-15 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-15 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education was noted.

IV-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-15 Certified Annual Report – The Certified Annual Report was certified timely to Iowa Department of Education.

IV-K-15 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 4,507,796
Revenues:		
Sales tax revenues	$ 2,801,822	
Other local revenues	57,503	2,859,325
		$ 7,367,121
Expenditures/transfers out:		
School infrastructure construction	$ 1,043,271	
Other	9,879	
Transfers to debt service fund	1,905,722	2,958,872
Ending balance		$ 4,408,249

For the year ended June 30, 2015, the District reduced the following levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	$ 0.32161	$ 400,000

IV-M-15 Financial Condition – The Enterprise, School Nutrition Fund had a deficit balance of $40,167 at June 30, 2015.

Recommendation – The District should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The deficit was due to implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. The deficit will be eliminated by future receipts.

Conclusion – Response accepted.